

## *Steve Westly* *California State Controller*



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### ***COURT RULING AVOIDS STATE SHUTDOWN BUT LEAVES DOOR OPEN FOR CONTINUED PAYMENTS***

**Sacramento, May 1, 2003** – State Controller Steve Westly said a State Supreme Court ruling issued today in the case of *Howard Jarvis vs. Steve Westly* upholds the State's ability to pay essential State services without a budget. The court allows the Controller's Office to pay debt service, Medi-Cal and other State and federal programs.

"I am pleased the court found that California has authority to make essential payments in the absence of a budget, but some valuable services and State employees are left vulnerable by the court's decision," Westly said.

The court did not resolve the issue of pay for State employees. The court suggested most employees be paid minimum wage when a budget has not been passed, but left the door open for the Controller to determine whether this is feasible. The court also suggested that those who work overtime should receive full pay, while those who do not should receive minimum wage.

"Based on the court's ruling, it is not feasible to implement a multi-tiered pay system for 4500 job classifications within the next two months. It is also unfair to ask fire, police, and other public employees to work at minimum wage," said Westly. "Nearly 300,000 State employees come to work every day, and they should get paid. State employees should not be the victims of a political budget stalemate."

"The right thing to do is for the Legislature to pass a budget on time so we ensure that the State continues to provide essential services to the public," Westly said.

The Controller said despite the court ruling, there is Constitutional authority to pay the largest part of school funding based on average daily attendance, and he will continue to make those payments even during the budget stalemate. The ruling does not affect payments to retirees through CalPERS and CalSTRS.

This case stems back to 1998 when the Howard Jarvis Taxpayers Association filed a lawsuit that said the State Controller has no authority to make payments without a budget. The court issued an injunction barring the Controller from making payments, but the Controller won on appeal.

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